

Child Care Programs

Background. The state makes subsidized child care services available to (1) families on public assistance and participating in work or other activities conducive to employment; (2) families transitioning off public assistance programs; and (3) other families with exceptional financial need. Child care services provided within the California Work Opportunity and Responsibility to Kids (CalWORKs) program are administered by both the California Department of Social Services and the California Department of Education, depending upon the family's progress in transitioning from welfare to work.

Child care services under Stage 1 are administered by the Department of Social Services for families currently receiving public assistance, while Stages 2 and 3 are administered by the Department of Education. Families receiving Stage 2 child care services have been deemed "stable" and are either receiving cash assistance or are in a two-year transitional period after leaving cash aid.

Families receiving Stage 3 child care services have either exhausted their two-year Stage 2 eligibility or are deemed to have exceptional financial need (the "working poor"). Child care services for Stage 3 are divided into two tiers: General Child Care (which is delivered predominately through child care vouchers and child care centers) is available on a limited basis for families with exceptional financial need, while the Stage 3 Set-Aside makes child care slots available specifically for former CalWORKs recipients. Under current practice, services to these two populations are supplied by the same group of child care providers; however, waiting lists are kept separate with priority being granted to the former CalWORKs recipients.

2006-07 Child Care Highlights. The proposed 2006-07 budget contains a total of \$2.95 billion (both General Fund and federal funds) to provide child care services to CalWORKs recipients, former CalWORKs recipients, and the "working poor." Funding for After School Programs is excluded from this total and will be discussed separately.

Budget Issues

Unlike prior years, the Governor does not propose any programmatic reforms to the state's subsidized child care programs. The Governor's Budget does, however, call (via Budget Bill Language) for the Legislature, Administration, and State Department of Education to convene a workgroup to develop a new family fee schedule. The Governor's stated intent of convening the workgroup is to develop a new fee schedule that will offset costs derived from increasing the income eligibility threshold for families to participate in child care programs, while maintaining the total number of available child care slots. Specifically, the Budget Bill Language directs the workgroup to consider the use of alternative indexes for future income eligibility adjustments; reallocate funding from within the child care program to increase the Standard Reimbursement Rate; and review (semi-annually) child care contracts in order to maximize the expenditure of funds.

It is important to note that while not a "programmatic reform," the Administration makes a variety of caseload assumptions in the CalWORKs program which ultimately reduce the number of available child care slots by over 36,600. In the coming months, staff will be working closely

with the Administration (including the Department of Social Services) to reconcile these CalWORKS caseload estimates with the larger child care needs of the state.

After School Programs

Background. The state makes Before and After School Programs available to children statewide with funding provided by both the federal government (via the 21st Century Community Learning Centers Program) and the state General Fund. In the current year, the state is spending \$121.6 million General Fund to support After School Programs and the federal government is providing the state with \$180.9 million for a similar purpose.

2006-07 After School Program Highlights. In 2002, the voters approved Proposition 49 which has the effect of requiring the state to quadruple the amount of funding it expends on state-sponsored After School Programs. After several years of failing to meet the state General Fund revenue "trigger" contained in the initiative, the provisions of Proposition 49 will go into effect in the 2006-07 fiscal year. To meet this end, the Administration is proposing a \$426 million General Fund increase for these programs, bringing total state support to approximately \$547 million. Offsetting the increase in state funds, the Administration expects the federal government to decrease (by \$17 million) the amount of support it provides for the 21st Century Program.

In order to ensure that the additional After School funds are not shifted from elsewhere in the K-14 budget, the provisions of Proposition 49 require that the additional appropriation of \$426 million be over and above the minimum funding level guaranteed to K-14 education under Proposition 98; thereby building the Proposition 98 "base" by that amount in future years. It remains unclear if the Administration intends to count this "over-appropriation" toward the amount of Proposition 98 maintenance factor funds it "owes" schools and community colleges.

Budget Issues

It remains unclear what statutory or constitutional changes, if any, will need to be implemented to either the state's After School Program or Proposition 49 itself, in order to ensure that the additional funds are spent expeditiously and to the benefit of students statewide.

6120 California State Library

There are no budget changes proposed for the Public Library Foundation, which, under the Governor's proposal, will remain funded at \$14.4 million. This amount is significantly below the 2000-01 funding level for the program, which exceeded \$56.8 million. Funds from the Public Library Foundation are allocated to local libraries for general support, such as retaining library's hours of operation; book and material purchases; and outreach (bookmobile) services.

6360 California Commission on Teacher Credentialing

The Commission on Teacher Credentialing (CTC) is responsible for the following:

- Issuing credentials, permits, certificates and waivers to qualified applicants;
- Enforcing standards of practice and conduct for license applicants and holders;
- Developing standards and procedures for the preparation and licensure of school teachers and school service providers;
- Evaluating and approving teacher and school service provider preparation programs; and
- Developing and administering competency exams and performance assessments.

The CTC currently receives more than 230,000 applications annually for approximately 200 different types of credentials, emergency permits, and credential waivers.

Summary of Expenditures (dollars in thousands)				
	2005-06	2006-07	\$ Change	% Change
General Fund	\$2,700	\$0	-2,700	-100.0
General Fund, Proposition 98	\$31,814	\$31,814	0	0.0
Teacher Credentials Fund	12,253	14,754	2,501	20.4
Test Development & Adm. Account	3,751	4,627	876	23.4
Federal Trust Fund	0	0	0	0.0
Reimbursements	76	0	-76	-100.0
Total	\$50,594	\$51,195	\$601	1.2

Governor's Budget: The Governor's Budget proposes \$51.2 million for the CTC's budget in 2006-07, providing an overall increase of \$600,000. Of this amount, the Governor proposes to continue \$31.8 million from the General Fund (Proposition 98) to support three local assistance education programs administered by the CTC – the Alternative Certification Program, Paraprofessional Teacher Training Program, and Teacher Misassignment Monitoring Program.

The Governor proposes \$19.4 million from the two special funds that support the CTC's state operations, providing an increase of \$3.4 million. Specifically, the Governor proposes funding of \$14.8 million from the Teacher Credentials Fund and \$4.6 million from the Test Development and Administration Account in 2006-07.

Budget Year Highlights

Eliminate General Fund Backfill and Restore Special Fund Expenditure Authority. The Governor's Budget eliminates the \$2.7 million General Fund appropriation provided in 2005-06 to address an anticipated shortfall in special funds to support the CTC's state operations budget. The Administration provided these funds on a one-time basis. To offset this General Fund reduction, the Governor proposes to increase expenditures from the Teacher Credentials Fund and the Test Development and Administration Fund by \$2.7 million to reflect an increase in available fund balances.

Increase Special Fund Authority to Reflect the Proposed Increase in Central Services Costs. The Governor proposes to increase the expenditure authority of the Teacher Credentials Fund and the Test Development and Administration Fund by \$677,000 to reflect an increase in centralized services costs assessed to special fund agencies. These assessments cover support services provided by other state agencies.

Reduce Credential Processing Time. The Governor proposes to convert four high level positions in the Professional Services Division into seven technical positions in the Certification, Assignment and Waivers Division to reduce credential processing time and backlogs. The Governor also proposes that CTC submit quarterly reports to the Legislature, Legislative Analyst's Office, Office of the Secretary of Education, and Department of Finance on the status of the credentialing backlog. These reports should include information on the size of the current backlog as well as updated estimates as to when the backlog will be fully eliminated.